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The Outlook for Amtrak and the Role of the STB

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Background

- Observations based on 30 plus years addressing Amtrak and intercity passenger rail issues
- Amtrak has been in “crisis” almost continuously since 1971
- Never sufficient funding to test whether intercity rail passenger service could be viable
- Is current crisis different?

Negative Factors

- Administration has had Amtrak “Reform” as major part of Transportation initiatives since it took office
- Administration's Proposal based as much on Economic Philosophy as Economic Analysis
- Current Amtrak Board less committed to existing Amtrak concept
- Losses continue to mount and Acela has been somewhat of a disappointment

Negative factors

- Findings and Recommendations of the Amtrak Reform Council
- Success of Privatization elsewhere
- RIM Proposal
- Recent cracked brake discs problem

Positive Factors

- Continued Growth in Ridership
- Leadership Change in Senate Transportation Subcommittee
- Broad Criticism of Administration's Plan
- Including the DOTIG
- Accurate or Not the Belief Post 9/11 We Need the Rail Option
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- Support for Multi-year Financing and Reintroduction of RIDE-21 etc

Positive Factors

- Administration's Proposal of zero dollars is going nowhere
- Administration is reintroducing last congress' bill
- House T&I reintroducing Young/Oberstar \$2 Billion/year for 3 years
- Ride 21 to be reintroduced

Controversial Factors

- Amtrak bankruptcy is treated as a RR bankruptcy
- Amtrak Board's New Proposal Unclear and Contains Difficult Labor Changes
- Rep. Mica's Proposal
- No Authorization and Funding by Appropriations



Amtrak and the Surface Transportation Board

- Created by ICC Termination Act of 1995
- Born out of the Deregulation Movement
- Residual Economic Regulation of the Railroads
- Far Smaller Staff and Scope of Authority



STB Mission

- Exclusive authority to approve of rail mergers
- Review rail rates and practices to ensure they are reasonable and not discriminatory
- Approval, including environmental review, of
 - (i) construction of any new rail line or
 - (ii) abandonment of existing lines
- Motor carrier collective ratemaking activities
- Rates for non-contiguous domestic water trade
- Rates for pipelines not carrying energy products



STB Responsibilities over Rates and Service

- Oversee and Monitor Railroad Practices Nationally
- Enforce the Railroads' Common Carrier Obligation
- Ensure that Rates Charged Captive Shippers are Reasonable
- Assist Railroads in Earning Adequate Revenues
- Calculate the Railroads' Cost of Capital



STB's Rail Passenger Service Responsibilities

- Arbitrate Disputes between Railroads and Amtrak over Amtrak Access to Railroad Rights-of-way
- Incremental Cost based Compensation
- Authorization to Condemn Property
- Issue Emergency Re-routing orders when
- Regular Amtrak route is unavailable



Amtrak and the STB

- Appropriations Act of 2004 gave STB Responsibility for Directed Services in case of Amtrak Shutdown
- Commuter Rail Operations were Amtrak's Ace in the hole
- Twelve Commuter Rail Systems rely on Amtrak as do 11 freight operators
- FRA and STB have developed interagency agreement to transfer funds to STB to continue commuter operations
- \$60 million withheld from Amtrak's funding grant to cover 60 days



Amtrak and the STB

- Assumption is that \$360 million annually can accomplish the task
- Surveyed the Commuter Rail Systems
- Need to identify individual positions and functions
- But need an appropriation—law requires money be available in advance

Key Questions

- What triggers a STB order for directed service?
- Who could the STB direct to provide the service?
- Are Amtrak trains commuter trains?
- What happens to the labor agreements?
- What happens if Amtrak declares bankruptcy?

Thank You, Any Questions?

